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C O N F I D E N T I A L SECTION 01 OF 03 DHAKA 000116

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SUBJECT: BANGLADESH SCENESETTER FOR PDAS CAMP

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Classified By: A/DCM Danilowicz, Reasons 1.4 (b) and (d)

11. (C) SUMMARY: Your visit comes just after a major reshuffling of the Caretaker Government (CTG) that coincided with its one-year anniversary. The reshuffle in mid-January was designed to inject new life into a Government struggling to rehabilitate areas of the country devastated by Cyclone Sidr and to keep the lid on inflation while preparing for nationwide elections by the end of 2008. Bangladesh largely met the emergency needs of victims of the November 15 cyclone, due in part to assistance from USAID and the U.S. Pacific Command. The longer-term task of reconstruction will be particularly daunting given that Bangladesh is an impoverished country that already was hit by serious monsoon flooding earlier in 2007.

12. (C) SUMMARY CONTINUED: Bangladeshis have embraced CTG reforms to address chronic political corruption and violence. Many high-powered politicians and businessmen have been arrested on graft allegations. Public support for the Government, however, has been weakened by spiraling inflation, which crop damage from the cyclone has exacerbated. Politics is in a heightened state of flux, with two former prime ministers among those in jail facing trial on corruption charges and no politicians of similar stature coming to the fore. Behind the scenes, the army actively supports the Caretaker Government and appears to share our interest in seeing it succeed. We continue to emphasize the need for the Government to adhere to its election roadmap and to international norms of justice and human rights, while also addressing the basic needs of Bangladesh's population. We also continue to encourage dialogue among the Caretaker Government, political parties and the military to reach a consensus political vision for the way forward. END SUMMARY.

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CYCLONE RELIEF  
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13. (U) Cyclone Sidr slammed into the southern coast of Bangladesh on November 15, affecting the lives of 8.9 million people and resulting in as much as USD 2.3 billion in economic damage. The CTG estimates that as many as 3,400 people died; loss of life was mitigated by strengthened disaster preparation, a focus of USAID's efforts here. (NOTE: Cyclones in Bangladesh of similar strength left 500,000 and 100,000 dead in 1970 and 1991, respectively. END NOTE.) Those who survived need food, water, shelter and a restoration of their livelihoods. The cyclone damaged or destroyed over 1.5 million homes and more than 640,000 hectares of crops. About 350,000 farm animals were lost, and 95 percent of the fish and shrimp ponds that are the basis of

the nation's lucrative aquaculture industry were damaged.

¶4. (U) The U.S. government, including the U.S. military, has played a key role in assisting Bangladesh with disaster relief and management before, during and after Cyclone Sidr. In the past, USAID provided disaster management assistance to Bangladesh that was important for warning residents about the cyclone's approach and sheltering people when the cyclone made landfall. Immediately after the cyclone struck, the USG provided USD 19.5 million in emergency relief as well as desperately needed airlift to deliver food, water and clothing to remote areas. Operation Sea Angel II was a success, both in its mission to provide humanitarian assistance and disaster relief and in highlighting strong U.S. relations with a moderate Muslim nation.

¶5. (C) Now that the immediate crisis has passed we are focused on longer-term reconstruction and rehabilitation. USAID is proposing the USG continue its cyclone relief efforts with an additional USD 115 million over the next three years to help rebuild agriculture and aquaculture industries, reconstruct rural electrification networks, and mitigate future disasters. We also are recommending an allotment of 100,000 metric tons of food to assist Bangladesh with food security; the nation's food stockpiles could be depleted by spring as Bangladesh struggles to meet the medium-term needs of cyclone victims. Additional USG assistance for reconstruction and rehabilitation was the focus of discussions with the GOB during recent visits by Assistant USAID Administrator Mark Ward and a Senate Appropriations Staff Delegation led by Paul Grove. The GOB is likely to focus on this topic during your visit as well.

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THE POLITICAL SCENE  
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¶6. (C) The Caretaker Government (CTG) came to power in January 2007, the day after a State of Emergency was declared to quell political violence that was spinning out of control in the run-up to parliamentary elections. The CTG, made up of 11 non-political advisers and strongly supported by the military, cancelled the elections and began cracking down on endemic political corruption and violence. The crackdown initially won broad public support, but frustration with the CTG spilled onto the streets in late August when a dispute at Dhaka University between students and soldiers became a rallying point for thousands of Bangladeshis disaffected by inflation, other economic woes and restrictions on political activity. The CTG stopped the protests by imposing a curfew backed up by a show of force from the army. Government leaders acknowledged privately to us and others the need to stick to the elections roadmap, to open up political discourse, and to communicate more effectively with the public.

¶7. (C) Bangladeshis welcomed in September an easing of the ban on politics and the initiation of formal dialogue between the Election Commission and the parties on political reform. The relaxation of the ban threw internal party disputes into sharp relief. The most visible struggle is within the Bangladesh Nationalist Party (BNP), which governed the country from 2001 to 2006 under former Prime Minister Khaleda Zia. The Awami League, the other major party, has also experienced internal strife between reformers and loyalists to former Prime Minister Sheikh Hasina, but both sides accept her hand-picked protege as acting party president while she is in jail. Army Chief General Moeen Uddin Ahmed repeatedly has stated that he has no political ambitions, even as he assumes by default a higher public profile than the Chief Adviser, who is the top official in the CTG.

¶8. (C) The CTG marked its first anniversary with a broad shake-up. Five widely respected Bangladeshis took the place of

advisers who resigned under pressure after a series of missteps contributed to the Government's eroding popularity. Five special assistants to the Chief Adviser also have been named to help the overworked Council manage its ambitious agenda. In a televised address, the Chief Adviser announced plans to hold talks with political parties to ensure broad political reforms leading to national elections this year stay on track. The new-look government has moved to defuse smoldering tension on university campuses by granting clemency to several professors and students convicted of charges stemming from the violent demonstrations in August, but dissatisfaction remains.

¶9. (C) In the midst of the political jockeying and government shake-up, voter registration continues in preparation for national elections scheduled by December 2008. While the mechanics of holding elections seem to be largely on track, there is still much debate about an "exit strategy" for the CTG and the military, who want to ensure a newly elected government maintains reforms and refrains from settling scores. They fear retribution from a resurgent political class that has been the main target of the anti-corruption campaign. The Caretaker Government has announced it plans to hold dialogues with the political parties after the Election Commission completes its consultations with the parties.

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ECONOMIC CHALLENGES  
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¶10. (C) Cyclone Sidr exacerbated worsening economic trends in Bangladesh. Inflation was becoming a serious problem even before the cyclone destroyed crops, and investment was slowing as businessmen assessed the effects of the anti-corruption drive and the Caretaker Government's implementation capacity. High world prices for food and fuel hit Bangladesh hard in the wake of severe monsoonal flooding in the summer. Cyclone reconstruction is yet another enormous economic burden the current government must shoulder, albeit with assistance from the international community. The Asian Development Bank estimates GDP growth in Bangladesh this year will fall below 6.0 percent from last year's growth of 6.5 percent.

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FIGHTING TERRORISM  
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¶11. (C) Although Bangladesh is a moderate Muslim-majority nation, its porous borders make it a potential transit point and safe-haven for terrorists. The USG funds many programs in Bangladesh to counter terrorism, including a wide range of

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training under the Anti-Terrorist Assistance program coordinated by the State Department. USAID and Public Affairs Section programs also address root causes of extremism through outreach to leaders of influence, including religious figures, and to madrassas. Human rights concerns have prevented the USG from engaging the paramilitary Rapid Action Battalion (RAB), which is the lead counterterrorism force in Bangladesh. RAB's record has improved under the Caretaker Government and some international groups are providing human rights training to build on that positive trend.

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YOUR VISIT  
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¶12. (C) You will be the highest ranking USG official to visit Bangladesh since the State of Emergency was declared in January 2007, making your trip extremely important and likely to garner much media attention. In your meetings with politicians, journalists and government and military leaders you will have ample opportunity to underscore USG support for the Caretaker Government as it works to respond to the

cyclone's devastation and to hold free and fair elections by the end of 2008. You should urge political parties to act responsibly to make the return to democracy a success. You also can emphasize the importance of continued bilateral cooperation in combating terrorism and extremism.

Rollins